

AMENDED IN SENATE MAY 21, 2012
AMENDED IN SENATE MAY 10, 2012
AMENDED IN SENATE JUNE 30, 2011
AMENDED IN ASSEMBLY MAY 23, 2011
AMENDED IN ASSEMBLY APRIL 14, 2011
AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1248

Introduced by Assembly Member Hueso

February 18, 2011

An act to add Section 7500.5 to the Government Code, relating to local public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1248, as amended, Hueso. Local public employees' ~~retirement~~. *retirement: City of San Diego.*

Existing law authorizes the creation of retirement systems for public employees by counties, cities, and districts. The California Constitution authorizes charter cities to establish pension plans under their ~~respective~~ independent constitutional authority.

This bill would require a ~~local public employer~~ *the City of San Diego* to provide coverage under the federal social security system to all employees who are not covered under a defined benefit plan, except as specified.

~~The bill would also express a legislative finding and declaration that federal social security coverage of local employees is an issue of~~

statewide concern, and that therefore, all cities and counties, including charter cities and counties, would be subject to the provisions of the bill.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City of San Diego.

Vote: majority. Appropriation: no. Fiscal committee: no.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7500.5 is added to the Government Code,
2 to read:

3 7500.5. (a) ~~For This section shall only apply to the City of San~~
4 ~~Diego.~~

5 (b) For the purposes of this section, the following definitions
6 shall apply:

7 (1) "Federal system" means the old age, survivors, disability,
8 and health insurance provisions of the federal Social Security Act
9 (42 U.S.C. Sec. 301 et seq.).

10 (2) "Local public employer" means ~~a city, county, and city and~~
11 ~~county, including a charter city, charter county, and charter city~~
12 ~~and county the City of San Diego.~~

13 (3) ~~"Projected benefits" means the projection of benefits,~~
14 ~~including any disability and death benefits, that have been accrued~~
15 ~~and will likely be accrued in the future by an employee based on~~
16 ~~the actuarial assumptions of the plan.~~

17 (b)

18 (c) A local public employer shall provide coverage under the
19 federal system to all employees who are not covered under a
20 defined benefit plan.

21 (e) ~~The requirements of this section shall not apply with regard~~
22 ~~to replacing or changing an employer's alternate benefit plan for~~
23 ~~part-time, seasonal, and temporary employees that was in place~~
24 ~~on July 1, 2012. If an employer implements a new alternate benefit~~
25 ~~plan for part-time, seasonal, and temporary employees after July~~
26 ~~1, 2012, the requirements of this section shall not apply if the~~
27 ~~present value of projected benefits under the new alternate benefit~~
28 ~~plan exceeds the present value of projected benefits under the~~
29 ~~existing alternate benefit plan with respect to those employees.~~

1 (d) The requirements of this section shall not apply with regard
2 to replacing or changing an employer's defined contribution plan
3 that was in place on July 1, 2012, unless the defined contribution
4 plan will replace or change the employer's existing defined benefit
5 plan.

6 SEC. 2. ~~The Legislature finds and declares all of the following:~~

7 ~~(a) A defined contribution retirement system is susceptible to~~
8 ~~extreme volatility, requires an employee to bear a significant~~
9 ~~amount of market risk, and provides less stability and security than~~
10 ~~a defined benefit retirement system. This risk and volatility is of~~
11 ~~particular concern for employees who are not provided a safety~~
12 ~~net through coverage under the federal Social Security Act.~~

13 ~~(b) The state has an interest in ensuring that public employees~~
14 ~~have a basic safety net to rely on in retirement. In the absence of~~
15 ~~this safety net, the state may be called upon to provide benefits to~~
16 ~~retired employees who are unable to care for themselves.~~

17 ~~(c) Accordingly, protecting the general welfare of the residents~~
18 ~~of this state by ensuring federal social security coverage of local~~
19 ~~employees is an issue of statewide concern. Therefore, this act~~
20 ~~shall apply to all cities and counties, including charter cities and~~
21 ~~charter counties.~~

22 *SEC. 2. The Legislature finds and declares that a special law*
23 *is necessary and that a general law cannot be made applicable*
24 *within the meaning of Section 16 of Article IV of the California*
25 *Constitution because of the unique circumstances in the City of*
26 *San Diego with respect to retirement benefits.*